HORIZONS
Brock Hotel Corporation

Issue 1 — Spring, 1987

Communications And Our Company

HORIZONS will be published quarterly for BHC employees. To make it a more effective tool, we need input from you. Please send us information or happenings at your locations. All photos must be black and white. The team working on this project is Lois Perry, Editor and Restaurant representative; Charlotte Burke, Hotel rep; and Jerri Smith, Corporate rep. Information can be sent to any of us!

BHC Employee Capital Accumulation Plan

On November 1, 1986 BHC implemented a self-reliant retirement plan for all employees. **Marel Holland,** Employee Benefits Administrator, explained that this is a flexible tool to help you plan for your retirement.

A Flexible Investment
The investment and funding options vary according to the individual's eligibility.

A Modern Tax Shelter
You do not have to pay taxes on what you deposit into your account. You can either enjoy the tax savings now, or add those tax dollars to your account to further build your balance.

A Permanent Insurance Plan
You may also use pre-tax dollars to satisfy your personal insurance needs. You have the chance to reduce your costs on this important part of your financial program and insure that you will have an increasing retirement fund even if you are disabled.

Brock Stock
At the end of each plan year, BHC may contribute company stock to your account. This contribution will be discretionary and based on company profitability.

Eligibility Requirements
Hourly and salaried employees who are 21 years of age, full time employees, and have been employed for at least six months.

Is Today Your Lucky Day?

To spice up life and make your newsletter more exciting, we have printed three social security numbers within this edition. If you find yours, you have until April 20 to call **Lois Perry** at the Corporate Office (214-258-8507) to claim your $50 check!! Happy reading!

From left, Kimberly Rogers, Hotel Employment Manager; Bill Mabry, Vice President Regional Manager; Reggie Epps, Employee of the Year.

BHC Hotel Division Names Employee of the Year

During the week of February 25th, BHC played host to the 1986 Hotel Division Regional Employees of the Year. Each Regional winner was awarded roundtrip airline tickets to Dallas-Ft. Worth, hotel accomodations and a "Welcome to Texas" Bar-B-Que. They also attended the Regional Manager's meeting, joined Tom Corcoran, President of BHC for dinner, went sightseeing to area attractions and received $500.00.

During the festivities the Brock Hotel Corporation 1986 Employee of the Year would be announced. The four candidates were:

Lu Thompson, Region I, Holiday Inn, Twin Falls
Ruth Broadbent, Region II, Capitol Motor Inn, Salem
Reginald Epps, Regional III, Residence Inn, Raleigh
Kathy 'Jum Run' Marek, Region IV, Holiday Inn, Phoenix.

Each of these employees had demonstrated outstanding job performance and had been selected as Hotel Employee of the Month, Hotel Employee of the Year, and ultimately Regional Employee of the Year. The finalists were commended for their awareness of guest needs, extraordinary service level for guests or fellow employees, dedication, attitude, cooperation and performance "above and beyond the call of duty".

Reginald Epps was selected as the 1986 Employee of the Year. Michael Fales, General Manager, Residence Inn, Raleigh, wrote the following comments about this outstanding man:

Beyond his extreme dedication to his job, there are two things that are truly exceptional about Mr. Epps. One is his continued interest in growing in his position. There have, from time to time, been skills that Reggie just did not have. Each time he would be honest with me and tell me that he did not know how to do whatever was necessary. When this would happen an outside person would be called in. Instead of leaving it at that, he would follow this repair person around learning how to perform the task, so that the next time it would not be necessary to call in someone. The second thing that is so exceptional about Mr. Epps is his high visibility at the hotel. A maintenance engineer is not someone you would think would be very visible to the guests. Not only is Reggie visible, I would say that every extended stay guest who stays with us knows him by name, and he knows them as well. This is so important in a hotel like ours where the guests make us their home for months at a time. Many times the guests do not even call the front desk with a problem, they just tell Reggie and the work is completed as soon as possible.

Reginald received $1,000.00 in addition to the prizes for having been chosen Regional Employee of the Year.

Congratulations to each of you for your outstanding job performance and your contributions to Brock Hotel Corporation.

Thomas J. Corcoran, Jr.
President & Chief Executive Officer
Brock Hotel Corporation

A Letter From Our President

Brock Hotel Corporation

From The Desk Of The President/CEO
Thomas J. Corcoran, Jr.

Dear BHC Team Members,

1986 was a year of great transition for Brock Hotel Corporation. The Financial Restructuring plan, with the assistance of the Hallwood Group and your dedication, transformed the company's net worth from a negative $64 million to a positive $55 million. The plan provided the company with a solid financial base from which to build a profitable hotel and restaurant company.

The completion of the plan resulted in a significant change in ownership in the company's shares, a new board of directors, the election of a new President and Chief Executive Officer and the appointment of **Anthony J. Gumbiner** as Chairman of the Board in October 1986. In effect, Brock Hotel Corporation emerged as a 'new' company.

Due to closing and/or selling unprofitable restaurants and hotels, total revenues decreased in 1986. While total revenues are less, average per restaurant revenue increased and hotel occupancy declined less than only 1% during a time of difficult market conditions.

After 4 consecutive years of 10% sales decreases, ShowBiz Pizza Time, Inc. generated an 8% increase in sales in 1986. The dramatic turnaround of ShowBiz under the leadership of **Richard Frank** will allow the Company to grow and prosper in a very unique market that has potential for growth. In addition to planned earnings growth in ShowBiz, we are exploring the acquisition of another-restaurant company. Currently we operate 122 ShowBiz/Chuck E. Cheese restaurants, and franchise 151 others including 12 international locations.

We anticipate increased revenues and operating margins in the hotel division as we upgrade our best Holiday Inns and convert certain older Holiday Inns to Days Inns. In February the company reached an agreement with Days Inns of America to convert up to nine Holiday Inns to allow a better profit contribution from these hotels. New development in the hotel division will be limited to the Residence Inn concept and procurring management contracts for existing hotels.

We currently operate seven Residence Inns and have one under development. We also operate 21 Holiday Inns, two Park Inns, five Days Inns and five other independent hotels.

In summation, management of Brock Hotel Corporation is excited, determined and committed to achieve strong profitable growth. I look forward to sharing the results of your fine work throughout the year.

Sincerely,

Thomas J. Corcoran, Jr.
President and
Chief Executive Officer

We've Got To Make Money

left, Bob Slawson, Vice President/Controller, with Dave Perkins, Operations Accounting Manager.

Luanne Adkins and Cherry Crow, Accounting Clerks who oversee pulling the restaurant numbers daily and the hotel numbers monthly.

In-House Accounting

During October, 1986, Brock Hotel Corporation began the process of bringing the accounting functions in-house. According to **Bob Slawson**, Vice President/Controller, "the major objective of this huge undertaking was to improve communication, flexibility, and control of accounting, as well as to enhance the effectiveness of our organization".

Sixty-six new employees have been added to the corporation in order to adequately staff the newly developed accounting areas. All tax functions, cash accounting, accounts payable, joint venture and managed properties accounting, general accounting functions, and financial reporting functions are now in-house. In addition, the department will implement governmental and Securities Exchange Commission reporting requirements.

Touche Ross, Accounting and Consulting firm, assisted in the transition which involved staffing, training, and the implementation of our new accounting functions. Completion of the six month reorganization was successfully realized by the end of March. 566-67-6577

Lewis 'Bucky' Kilbourne, Chief Financial Officer, anticipates moving data processing in-house and foresees the creation of a Management Information Systems Department within the next 18 months. These areas will help facilitate special report projects. By completing the majority of accounting functions in-house, Brock Hotel Corporation will be a more profitable company.

Ernie Fontaine
Executive Vice President
Hotel Operations

Ernestly Speaking...

Yesterday, Today and Tomorrow

The past year of 1986 was an important year, not only for the Hotel division, but for the entire company. In the Hotel Division, a lot of changes were made through the reorganization of our division to position ourselves for 1987. We also concentrated hard on maintaining and increasing our sales. From the month of June, 1986, on through the end of the year, we were successful in not only maintaining our sales, but increasing them. By striving to improve our standards and service quality while remaining within our economic limits, we set the stage for a very productive 1987.

In 1987, it is our goal to maintain the momentum we started in 1986 and improve our abilities to control costs. We need to spend money wisely and efficiently to make sure we get the maximum results out of the money spent on our hotels. To help us accomplish these goals, the Company has added two new members to our corporate staff, **Jim Gardetto** and **Bruce Wiles.**

Jim Gardetto is our **Hotel Division Financial Analyst.** He will assist me in various aspects of operations to enable us to better analyze our hotels' operations, budgets and financial matters.

Bruce Wiles is the new **Senior Vice President of Corporate Development.** In his new position at BHC, Bruce is completing the financial restructuring of our existing properties, as well as aiding in the financing of our Holiday Inn renovations in 1987.

As BHC is aggressively searching for new management contracts for additional hotels, Bruce will be very instrumental in acquiring additional management contracts, as well as, purchasing additional hotels. Some of our long term goals include the possible acquisition of a small hotel chain.

At this time, we are also developing more Residence Inns. We just recently completed the negotiations for a new Residence Inn in Princeton, New Jersey. This hotel will be built within the next year. Also, we are checking on two other sites in New Jersey, and a site in the Dallas/Ft. Worth metroplex located in Plano, for additional potential Residence Inns.

We are anticipating a very good year for the Residence Inns as a whole. The annual General Manager's Meeting, sponsored by The Residence Inn Company in Wichita, Kansas, will be held in Dallas from April 23-26. At this meeting, the "Inn of the Year "will be announced. One of our properties, the Greenville Residence Inn, is one of the finalists for this prestigious award. We wish them the best of luck!

It is evident that we are excited about this year for the Hotel Division. However, throughout 1987, to ensure our success and to meet our profit goals, **we must continue to adhere to the guidelines set forth in our Crisis Priority Plan on a daily basis.** It will be extremely important that we control our costs, especially our labor costs. At the same time, it is imperative that we increase our sales throughout the year.

To accomplish these important goals, we need the commitment of each employee working together as a team. Through this combined effort, we will meet our goals and continue to be a leader in the hospitality industry!

Richard M. Frank
Chairman & Chief Executive Officer
ShowBiz Pizza Time, Inc.

The Frank Report

Health of our Business

With the financial restructuring behind us, our "new" company is now well positioned to move forward. Although we were faced with difficult times in 1986, with the help of the Hallwood Group and our own performance, we are now positioned for growth. February 1987 ended the fourteenth straight month of real sales growth for ShowBiz/Chuck E. Cheese, and this performance occurred when the restaurant industry was flat to negative. Yet, the real exciting part is, we have just begun!

As we move forward, I see two major objectives for your Company. First is the continuation of real sales growth. Second is the exciting possibility that I believe we have to expand our system through additional Company and franchised locations.

You have probably read, or at least heard, of the Company's desire to acquire another restaurant concept and although this is a goal, my excitement remains in our business of entertaining kids and providing an enjoyable experience for the entire family. Don't lose focus of our diligent pursuit of insuring that 'every guest leaves happy'. This will insure the continuation of real sales growth in 1987 and beyond. Manage for the customer, be good to those 'Moms'.

Yes, I believe we have the ability to grow. Twenty-five new Company units, and a like number of franchise properties, certainly seems to be a realistic goal over the next two to three years. We are currently designing a new prototype. I will keep you informed of our progress.

As you can see, your Company is not only on its feet again, it is off and running. And, it is because of you! Thanks for your past efforts and contributions. You have made it all possible!

ShowBiz and Chuck E. Cheese Renovations

During the past few months, the ShowBiz Construction Department has remodeled several ShowBiz and Chuck E. Cheese locations. The goal is to make the restaurants brighter, more spacious and define the kiddie area as a safe place for children. The restaurants have also been refurbished with fresh paint and new carpet.

Ed Ward, Director of Construction, and his team: Colleen Walsh, Dan Baldwin, Sana Touma and Rose Ann Barcus have completed ten renovations. Features include self-service beverage bars and free standing salad bars. These changes are currently being evaluated.

The remodeled restaurants have more space for appealing displays in the merchandise area.

Al Hack, Treasurer, retires recently retired after 5½ years of dedicated service. Al's job has been tremendous, managing cash flow during the troubled times at Brock Hotel Corporation. Al was honored with a luncheon where Tom Corcoran, Chief Executive Officer, presented him with a plaque from all employees.

Joe Conti creating magic.

Magic of our Shows

The animated shows at ShowBiz Pizza Place and Chuck E. Cheese provide our guests with an entertainment experience found few other places. How does that magic work? To find those behind-the-scenes answers we asked **Joe Conti**, Animation Producer.

Joe, a former Pizza Time Theater, Inc. employee, has dual bachelor's degrees in theatre and music. A full animation studio with shows from both Chuck E. and ShowBiz is housed in the Corporate office. By using the external musicians, tapes can now be totally completed by our company.

A typical tape follows several steps during creation. First, a theme is established and songs fitting that theme are chosen. Next, the consulting script writers and music writers begin mapping out the material. When approved, the musicians lay down music tracks on the tape. Once the music is recorded, vocalists begin adding the personalities and voices to the tape. Joe's talents also extend into this area as he has been Rolfe's voice on the most recent ShowBiz tapes.

Once the music and vocals meet Corporate approval, a master tape is shipped to our office where Joe begins making the animals' movements match the music.

Through the use of a computer system originally designed for the Chuck E. show, Joe makes the character move. This is a very intense undertaking requiring 3-5 hours of work for every minute of show! Joe usually begins with the characters' mouth movements since they take so much detail to match the voices on the tape. Every movement you see during each song, requires Joe's input into the computer. 441-71-0178

The next stage is accomplished through computer wizardry! The computer dumps the data Joe has input onto the tape which already has the music and voices on it, thus developing a master tape for that show. Equipment then duplicates the number of tapes needed to send to every company and franchised ShowBiz or Chuck E. Cheese.

Our shows are a real drawing card to entertain the entire family. Our goal is a new portion of a tape every two months to keep the music fresh for our guests. We hope you too enjoy the entertainment provided by our shows, and remember, the next time Fatz winks, Chuck E. turns, or a light comes on, that Joe Conti is the man who made that magic happen!

Not snow, rain, computer malfunction nor electrical failure prevents our mail from getting out to you! Bob Chapin, Mailroom Supervisor, insures all mail gets delivered to the proper recipient. That's no little task with around $7,000 a month in shipping fees through the postal service, UPS, and Federal Express. Bob retired from the U.S. Postal Service as a Postal Inspector and spent ten years as a Mail Fraud Investigator.

Arlanda Allen (left) and Donna Amsden are the two lovely faces behind the ever friendly voices of the Corporate Office reception center. Say "Hello" next time you call!

These friendly voices from the Hotel Operations Offices are standing from left, Carol Cunningham, Charlene Burke, Jill Olson, seated from left, Elaine Shotwell and Lori Rowland. Barbie Miller is not pictured.

Members of the Hotel Management Team (from left: Rich Cronin, Director of Sales; Bob Cassidy, District Manager; Bill Mabry, Vice President/Regional Manager; Pete Adams, Vice President/Regional Manager; and Pete Phillips, Vice President/Regional Manager.

Hotel Division Announces Fourth Quarter Superstars

The 1986 fourth quarter sales contest winners were announced by Rich Cronin, Director of Sales and Marketing.

The criteria for the contest compared the 1985 and 1986 fourth quarter hotel sales for all BHC managed properties.

The winners are:

1st Place...**Sandy Hingtgen,**
Sarasota Lido Beach
2 roundtrip airline tickets to any US destination

2nd Place...**Van Ingram,**
New Orleans
Remote Control Color TV

3rd Place...**Linda Wiggins,**
Greenville Residence Inn
VCR

4th Place...**Rita Winwick,**
Twin Falls
Cross Pen and Pencil Desk Set

Congratulations winners for a job well done!

Hotel Food and Beverage Implements New Menu Plan

The Food and Beverage Department of the Hotel Division has created an innovative menu concept. Each menu is basically the same with each region having certain specialty items. 410-76-7210

The plan was created to lower food cost percentages while creating quality breakfast, lunch, dinner, buffet, room service and bar menus. The Food and Beverage staff researched the market to establish the best products.

Policy manuals were developed and training sessions were implemented for each hotel. Most all properties have received their new menus and are increasing sales volume as well as having great response to the new concept.

Four Hotels Converted To Days Inns

Four of our Holiday Inns were converted to Days Inns on March 1, 1987. As Days Inns, they will now have new names. The former Holiday Inn of Columbia West, Missouri will now be called the **Columbia University Center Days Inn.** The former Holiday Inn of Des Moines North, Iowa, will now be called **Des Moines Capitol City Days Inn.** The former Holiday Inn of Ottumwa will now be called the **Ottumwa Days Inn.** The former Holiday Inn of Superior will now be called the **Superior Days Inn.** In addition we intend to convert San Angelo, Texas.

The Days Inns of America, Inc., corporate office is located in Atlanta, Georgia. Their office and personnel have been helpful in ensuring the smooth conversion of these four properties.

Days Inns is fast becoming one of the major hotel corporations in the United States. We are excited to become a part of this fine company of hotels.

HORIZONS - BROCK HOTEL CORP
COMPANY NEWSLETTER

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